

April 25, 1983

Ms. Sandra Vidas  
Office of Premerger Notification  
Federal Trade Commission  
7th and Pennsylvania Ave., N.W.  
Room 301  
Washington, D.C. 20580

This material may be subject to  
the confidentiality provision of  
Section 205 of the Clayton Act  
and Section 8(d) of the Securities  
Exchange Act of 1934.

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RECEIVED  
FEDERAL TRADE COMMISSION  
OFFICE

Dear Ms. Vidas:

I want to thank you, and Mr. Patrick Sharpe, for your kind assistance on Friday. I understand, based on my conversations with you of Friday, April 22, that the following transaction would not require a Hart-Scott-Rodino filing.

Our client, Company A, has total assets of over \$100 million and is presently the sole owner of a subsidiary, Company B, worth \$45,000,000. Company C, formed less than 1 year ago, currently has \$300,000 worth of stock outstanding, all of it owned by Company D, which also has assets valued at more than \$100 million. Sometime between now and August 1, 1983, Company C will issue 3,600,000 shares of stock, for approximately \$10 per share. It is contemplated that 80.1% of the shares will be sold in a public offering, and that Company A will purchase 19.9% of this newly issued stock, worth about \$7,000,000. After this transaction, no other entity, including Company D, will control Company C.

On or around August 1, Company C will acquire all of the stock in Company B from its present owner, Company A. The purchase price will be \$45,000,000. After this transfer, Company C's total assets will be less than \$10,000,000 not including the value of the acquired Company B. In fact, Company C will probably then be in debt to Company A.

May be  
revised

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From our recent telephone conversations, I gather that a newly formed corporation, such as Company C, does not meet the size of person test if, after the transaction in question, it has less than \$10,000,000 in assets, excluding the worth of the acquisition. Since Company C, when it purchases Company B from our client, will be under no other company's control and will not be worth \$10,000,000, it is not obligated to file a premerger notification.

It also appears that Company A's purchase of \$7,000,000 worth of Company C's common stock is exempt, under Section 802.20, ~~because the acquired assets are valued at less than \$15 million,~~ and the voting securities acquired do not confer control over Company C.

I would appreciate it if you would let me know if the above analysis is correct, or if you need more information.

Sincerely,

What is the nature?

Is it a new corp. from start?

Is it a new corp. from start, or is it a new corp. from start?

Is it a new corp. from start, or is it a new corp. from start?

FEDERAL TRADE COMMISSION

TRANSMITTAL SLIP

TO: PHN GROUP

For:

- ☐ Approval.
- ☐ Signature.
- ☐ Recommendation.
- ☐ Remark.
- ☐ Information.
- ☐ To check.
- ☐ Previous papers.
- ☐ File.
- ☐ Prepare reply.
- ☐ See me.
- ☐ Necessary action.
- ☐ Note and return.
- ☐ For analysis.

FROM: Sandy

Date: 4-28-83

REMARKS: Please give me your thoughts on the attached letter by close of business today.

FTC Form 33 (11/78)

*See attached memo*